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Indonesia Opens Inquiry on Charge Of Huge Payoffs in Satellite Project

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JAKARTA, Indonesia, Feb. 3—Senior Indonesian Government officials, acting at the orders of President Suharto, have begun an investigation of bribery and kickback charges involving the nation's \$61 million satellite-communications network built to link the 3,200-mile-long chain of Indonesian islands.

This case, involving accusations against high officials, is one of several embarrassments for the Suharto Government that are being publicized here as it prepares to open a nationwide election campaign. But the satellite case appears to be causing the biggest stir.

The latest embarrassment came yesterday with a charge in Washington by the Securities and Exchange Commission that a former head of the Indonesian state oil company had directed a shake-down of dozens of major corporations for \$1.11 million to set up the New York restaurant Ramayana. On this charge, as one those involved in most of the other cases, the Suharto Government has publicly remained silent.

These cases, all within the last two months, include the embezzlement of more than \$15 million from the Indonesian rice program. Charges have been brought against more than a dozen provincial government officials, and most of them have been jailed.

Irregularities have also been found in the loan program of the largest state-owned bank, the Bumidaya. It is said that \$50 million could be involved in the case. The bank's president and board of directors have resigned.

While the Indonesian Government maintained silence on yesterday's charge by the Securities and Exchange Commis-

sion in Washington, a number of officials in the President's office, the Foreign Ministry and Pertamina, the state oil company—sought to minimize them.

Several denied the charges, and two said the restaurant, on 52d Street just off the Avenue of the Americas, had been sold by the oil company to an Indonesian named Hasmoro. He was identified as Pertamina's chief west coast representative in Los Angeles.

All officials commenting, however, said that the incidents involved in the Washington charges took place before its president, Maj. Gen. Ibnu Sutowo, resigned his post at Pertamina last March.

Tonight, Foreign Minister Adam Malik, emerging from a meeting with President Suharto, said:

"We are convinced that Ibnu Sutowo would be able to defend himself. Because of local laws in the United States charges like this are easy to level and we are not surprised by this."

Mr. Malik added that he thought that General Sutowo, who is in the United States now, "would be able to say 'such debts have been incurred by Pertamina and today I am no longer an official of Pertamina.'"

The charges now being investigated at the orders of President Suharto are that senior Indonesian Government officials, including the director of the domestic satellite-communications program, received millions of dollars in bribes and kickbacks.

Competitor Accused of Bribery

According to an article in The New York Times last week, the situation arose three years ago after the Indonesian Government decided on the satellite program. The American-owned General Telephone and Electronics Corporation sought a contract for telephone and electronic equipment and was reportedly told by an Indonesian official that a \$40 million cash payoff would be required.

The corporation refused, and when the contract went to the Hughes Aircraft Company two General Telephone executives were quoted as having accused the competitor of paying bribes of 20 percent or more to Indonesian officials.

The charges were emphatically denied by senior Hughes executives.

The satellite program is one of the fast projects that fall under the domain of General Soehardjono, a 54-year-old army officer who is director general of posts and telecommunications. Like President Suharto, he rose through the ranks of the powerful Deponegoro Regiment in central Java that has traditionally produced the military leaders of Indonesia.

Both generals have favored exotic

development projects and many bankers and economists question whether the Government and this impoverished nation where nearly half the people earn less than \$50 a year can really afford them.

A detailed breakdown discloses that Indonesia has already committed nearly \$840 million to an extensive domestic communications network that has yet to have any noticeable effect on communications, even in the nation's capital.

Indeed, the Hughes contract is one of the smallest in the communications package—\$71 million for two spacecrafts and ten earth stations plus a master control unit. Philco-Ford and Federal Electric Company, an International Telephone and Telegraph Corporation subsidiary, each received an award of about \$29 million for 15 earth stations.

Big Award to Phillips

Among the larger awards, Phillips of the Netherlands and Nederland Carbo Fabrik got a \$200 million contract for a Jakarta phone system, and Bell Telephone Manufacturing of Belgium, another I.T.T. subsidiary, obtained a \$128 million contract to install equipment in Java.

The figures have either been published locally or were obtained from the Ministry of Communications.

None of the contracts, it would appear, have been subjected to serious internal scrutiny or external controls with respect to kickbacks—with one exception. That was the Hughes contract, which, since publication of The Times report, has been the subject of intensive Government concern.

Communications Minister Emil Salim has been conferring daily with President Suharto but has been avoiding reporters seeking progress reports on the investigation.

Documentation Asked

Mr. Malik said tonight that the Export-Import Bank in Washington had been asked for documentation on the loans that helped to subsidize the program. Several senior officials, including Adm. Sudomo, chief of internal security, and, through a press officer, General Soehardjono, have demanded that The New York Times present its documentation for the story. All, however, refused repeated requests this week to meet with a representative of The Times.

An American Embassy spokesman said that no request had been received from the Indonesian Government for any documentation in connection with the alleged Hughes payoff case.

Pressure continues from the Government-controlled press for some substantive Government comment on the affair. But privately, most Jakarta reporters who have been working on this story believe that it will be allowed to taper off—at least until the May 2 elections.